UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD/B/44/7
TD/B/LDC/AC.1/11
28 July 1997

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Forty-fourth session
Geneva, 13 October 1997

Report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions

held at United Nations Headquarters, New York
from 18 to 20 June 1997

GE.97-51329

CONTENTS

Chapters		Paragraphs
	Introduction	1 - 4
I.	Review of the progress in the development of transit systems and proposals for future action (agenda item 3).	5 - 19
II.	Organizational matters	20 - 23

Annexes

I. Conclusions and recommendations

II. Message from the Secretary-General of the United Nations

III. Attendance

INTRODUCTION

1. Pursuant to paragraph 11 of General Assembly resolution 50/97, the Meting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions was held at the United Nations Headquarters, New York, from 18 to 20 June 1997. The Meeting reviewed progress in the development of transit systems in land-locked and transit developing countries with a view to exploring the possibility of formulating specific action-oriented measures, taking into account the results of consultations between individual land-locked countries and their transit neighbours.

2. The Meeting had before it for its consideration a report prepared by the UNCTAD secretariat - *Review of the progress in the development of transit systems and proposals for future action (TD/B/LDC/AC.1/10)*.

Opening statements

3. Opening the Meeting on behalf of the Secretary-General of UNCTAD, the Officer-in-Charge of the Office of the Special Coordinator for LDCs stated that the Secretary-General of the United Nations, Mr. Kofi Annan, had sent a message which, inter alia, emphasized his keen interest in the progress towards further, improvements in the relationships between land-locked and transit developing countries and the role of the United Nations therein (see full text of the message in Annex II).

4. The Chairman of the Meeting, H.E. Prof. Tano Eitel, Ambassador, Permanent Representative of Germany to the United Nations, in his opening remarks noted that the plight of the land-locked developing countries had a long history. He pointed out that not only the number of land-locked developing States had increased over the years but that the particular problems facing these countries had also been significantly accentuated by the limited resources for developing and improving adequate transit infrastructures and for maintaining existing facilities. In the face of these formidable challenges, he commended the efforts made by the land-locked countries and their transit neighbours to launch a range of transit infrastructure development programmes and to improve cooperative arrangements among themselves based on bilateral and subregional transit agreements. He further noted that in recent years the land-locked and transit developing countries had taken concrete steps to reorient their policies towards greater commercialization of transit transport operations and services to improve efficiency. The involvement of the private sector in transit transport operations was being encouraged by many land-locked and transit developing countries. This new policy reorientation augured well for further improvement of transit transport systems. Finally, he commended the good attendance of the representatives from land-locked and transit developing countries, donor countries and other international and subregional institutions, which demonstrated the keen interest of all to work towards concrete future measures to improve the transit transport systems.

Chapter I

REVIEW OF THE PROGRESS IN THE DEVELOPMENT OF TRANSIT SYSTEMS AND PROPOSALS FOR FUTURE ACTION (Agenda item 3) (TD/B/LDC/AC.1/10)

5. In his introductory statement, the Officer-in-Charge of the Office of the Special Coordinator for LDCs, speaking on behalf of the Secretary-General of UNCTAD, said that the particular problems facing land-locked developing countries resulting from inadequate and poor transit transport infrastructure facilities and services as well as from inappropriate transit policies continued to be a major cause of excessively high transport costs. This had eroded the global competitiveness of the land-locked countries and as a result there was a growing threat of their marginalization in world trade. He commended, however, the efforts that had been undertaken by the land-locked and transit developing countries to improve the transit transport infrastructures and management systems as well as the role played by the donor community in assisting these countries in their efforts.

6. In reference to the current policy reforms in the transit transport sector, he pointed out that most of the land-locked and transit developing countries had taken wide-ranging initiatives to move vigorously towards greater commercialization of transit transport operations and services and to encourage competition between the suppliers of transit services. Moreover, the role of the private sector in providing some of these services was being promoted by many of the land-locked and transit developing countries. He noted in particular the efforts of China, the Russian Federation and Mongolia to improve transit facilities and to promote subregional trade through the establishment of more effective legal transit frameworks.

7. With regard to the ongoing work of UNCTAD to support land-locked and transit developing countries, he referred to programmes such as ASYCUDA, which was the computerized customs management system, and the Advanced Cargo Information System (ACIS), which provided new techniques to facilitate flows of operational information along transit corridors linking the ocean ports with the inland destinations in land-locked countries. Finally, he thanked the European Commission for its generous support which had facilitated the participation of some representatives from ACP countries at the Meeting, as well as the UNDP for providing support for some of the substantive preparations for the Meeting.

8. In the course of the general debate, statements were made by the experts from Kenya, United Republic of Tanzania, Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR), Kazakstan, Zimbabwe, China, African Caribbean and Pacific Group of States (ACP), Economic Commission for Africa (ECA), Rwanda, Nepal, Benin, Organization of African Unity (OAU), Lao People's Democratic Republic, Mongolia, European Commission (EC), Lesotho and Nigeria.

9. There was general agreement that the documentation prepared by the UNCTAD secretariat provided a good overview of the recent developments in the transit transport sector in the various regions and subregions and that the analysis and proposals for future action made in the basic document constituted a good basis for the discussions at the Meeting. With regard to the transit transport policy reforms, several experts emphasized the importance of continuing the current efforts to establish a more conducive commercial environment in the transit transport sector which would encourage competition between the various modes of transport as a way to reduce the transit costs and improve the quality of services. They also underlined

that the private sector should, where appropriate, play a more active role in transit transport operations.

10. In their interventions the experts also outlined the programmes that were being implemented to improve the transit transport infrastructures and the management systems in various areas covering rail traffic, road traffic, ports, air freighting. Several experts noted that considerable progress had been made in rehabilitating and further expanding the physical transit transport infrastructures with regard to railways, roads and ports and airports, but that the major constraint remained the inadequacy of financial and human resources to maintain them. They also emphasized the problem of the scarcity of equipment, particularly railway rolling stock and cargo-handling equipment. With respect to management and operational efficiency, several experts observed initiatives had been taken to give greater autonomy to railway administrations and road boards in order to allow these institutions to make management decisions based on commercial criteria where appropriate.

11. Some experts referred to the importance of inland waterways as an integral part of the transit corridors in some of the countries. Concern was, however, voiced about the generally poor physical infrastructures, including navigational aids on many rivers and lakes which provided transit services, as well as about the environmental hazards caused by uncontrolled pollution. Some experts also emphasized the important role played by pipelines for the movement of strategic cargoes such as oil and the poor condition of some of these facilities. With regard to air freighting, some experts pointed out that the main constraint in most airports continued to be the poor ground facilities and distribution systems.

12. With regard to the bilateral and subregional transit agreements, several experts agreed that the current arrangements to implement these agreements were not very effective and that new mechanisms had to be devised to monitor and enforce their implementation. With regard to international transit conventions, several experts agreed that the adherence to these conventions was still very restricted. They pointed out, however, that this was mainly because these conventions were not well understood by many land-locked and transit developing countries and that the benefits that would accrue to such countries through their adoption were also not clear. They therefore made an appeal to the international technical assistance institutions to provide more information about the technical nature of these conventions and how the land-locked and transit countries would stand to benefit if they adhered to them.

13. A number of experts expressed concern at the slow and cumbersome procedures which continued to cause considerable delays in moving transit cargo out of the port and across national boundaries. They noted that slow progress in this area was the result partly of outmoded transit documentation and partly because poor documentation procedures facilitated fraudulent practices. Other reasons were that some transit countries imposed complex procedures in an attempt to safeguard their internal security partly resulting from the diversion of transit cargo to the domestic markets of transit countries. Some experts pointed out that modern information techniques of international standards were now available which could correct the weaknesses in the current customs and transit regimes and that efforts should be made to benefit from these advanced technologies, including such programmes as ASYCUDA and ACIS.

14. Several experts also emphasized the need for promoting subregional trade which in the long run would contribute to reducing the dependence on overseas markets and minimizing the burden of the high transit costs which these countries had to bear, and thus enhance subregional self-sustainability. Furthermore, several of the experts outlined the ongoing training programmes and underlined the importance of further expanding such programmes for managers and middle and lower-level operators in ports, railways, in the road haulage industry, in air freighting and in clearing and freight forwarding.

15. Most of the experts commended the support that was being provided by the donor community to improve the transit transport infrastructure and services but they emphasized that further expanded support in this area was required. With regard to the future orientation of international support measures, the experts were generally in agreement with the priority areas that were outlined in the secretariat's basic document. They also endorsed the proposals for institutional follow-up mechanisms, particularly with regard to the donor support to the establishment of technical units in the secretariats of subregional organizations involved in transit transport. They also noted the suggestion of one delegation that the meeting in 1999 could be held either in New York or in one of the transit developing countries.

16. Following this general debate, the Chairman prepared draft conclusions and recommendations based on the issues raised by the experts in their interventions. These conclusions and recommendations were thereafter comprehensively discussed in informal consultations.

Action by the Meeting

17. At its closing plenary meeting, on 20 June 1997, the Meeting adopted the draft conclusions and recommendations submitted by the Chairman (for the adoapted text, see Annex I). The Meeting also agreed to recommend that in future the distribution of posts in the Bureau should consist of a representative from a land-locked country, a transit country and a donor country.

Closing statements

18. The Chairman commended the excellent work done by the experts. He paid tribute to all participants for the cooperation they had extended to him, and in particular to the Vice-Chairman-cum-Rapporteur. He also thanked the members of the UNCTAD secretariat for their support.

19. The representative of the UNCTAD secretariat noted that the conclusions and recommendations just adopted constituted a solid framework for further improving the transit transport systems. He particularly welcomed the unanimous agreement by the experts that further progress in improving transit transport efficiency would significantly depend on continued efforts to consolidate a commercial transit transport policy environment which encouraged competition and cost-effective transit transport operations and services.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the Meeting

20. The Meeting was opened by the Officer-in-Charge of the Office of the Special Coordinator for LDCs on behalf of the Secretary-General of UNCTAD, on 18 June 1997.

B. Election of Officers
(Agenda item 1)

21. At its first plenary meeting, on 18 June 1997, the Meeting elected as Chairman, H.E.Prof. Tono Eitel (Germany), and as Vice-Chairman-cum-Rapporteur, H.E. Mr. Jargalsaikhany Enkhasikhan (Mongolia).

C. Adoption of the agenda and organization of work
(Agenda item 2)

22. At its first plenary meeting, the Meeting adopted the provisional agenda in TD/B/LDC/AC.1/9 as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the progress in the development of transit systems and proposals for future action
4. Other business
5. Adoption of the report of the Meeting.

D. Adoption of the report of the Meeting
(Agenda item 5)

23. At its closing plenary meeting, on 20 June 1997, the Meeting agreed that the final report would be compiled under the authority of the Chairman and submitted to the forty-fourth session of the Trade and Development Board.

Annex I

CONCLUSIONS AND RECOMMENDATIONS

Introduction

There is a fundamental change under way in the orientation of both land-locked and transit countries, as well as in the donor community, in addressing the transit problem. The challenges of this new orientation will have to be met with a much greater sense of priorities and innovation, as reflected in the conclusions and recommendations briefly elaborated below.

A. Transit transport policy framework

1. The establishment of a commercially conducive transit policy environment remains at the centre of all efforts to further improve transit transport systems. Governments in land-locked and transit countries should reinforce the measures they have already taken to commercialize public-sector enterprises dealing with transit transport matters.

2. Existing arrangements to coordinate all activities of public and private actors in both land-locked countries and transit countries should be strengthened and institutionalized, both at the national and subregional levels.

3. High transit transport costs remain the major barrier and they erode the competitive edge of land-locked developing countries in world trade. A large proportion of their total export and import earnings from trade in goods and services goes to transportation and insurance payments. Therefore, the international community should seek ways to reduce the costs by establishing a stable transit framework, mutually agreed between land-locked and coastal countries, which reduces various bottlenecks, transit costs and logistical distortions. More transparency in transport markets is also very important.

B. Sectoral considerations

4. Rail traffic: Greater attention has been given to rehabilitating the rail network and to purchasing additional rolling stock and equipment in the various regions and subregions in recent years. The priority in the coming years will, however, be to support maintenance programmes and continue with remaining rehabilitation. Furthermore, the development of missing railway links, where proven economically viable, should be encouraged. The other key area in improving railway performance is management. The current measures being taken to give greater autonomy to railway management should be stepped up. Other measures to be pursued more aggressively include gearing railways to commercial operations and involving the private sector in some of the activities. Recent efforts to encourage competition with other modes of transport and commercialization of some railway services should also be pursued.

5. Road transit: Efforts being made towards road maintenance, rehabilitation, upgrading and construction should continue. The maintenance problem will, however, not be resolved unless users adhere to regulations related to axle-load limits and motor vehicle dimensions. Governments should in this regard build up the capacity to enforce these regulations as well as road safety regulations. Furthermore, the trend toward liberalization of road transit services should be further supported by allowing road hauliers to compete freely with railways.

6. Port facilities and services: The maintenance of port infrastructure and equipment remains an important item in governments' future action. With regard to operational and management aspects, governments should continue port institutional reforms to make ports more market-oriented, through commercialization and gradual privatization. In order to ensure speedy and cost-effective movement of cargo to inland destinations in land-locked countries, the establishment of dry ports in these countries should continue to be vigorously promoted and supported.

7. Inland waterways: The improvement of the current poor lake/river infrastructure facilities should be accorded high priority, particularly in those cases where such transit corridors constitute a vital outlet.

8. Pipelines: For a number of land-locked and transit countries, the movement of strategic commodities through pipelines is important. In this regard, agreements have been concluded to establish new pipelines in certain regions. The construction, improvement and maintenance of these facilities and security measures for them should be given high priority.

9. Air freight: The ongoing efforts to bolster air freight pooling arrangements should be further reinforced. This will greatly contribute to solving the problem of directional imbalance in freight flows and low levels of traffic and thus enhance countries' competitiveness. Improvement of physical ground facilities, particularly with regard to freight collection, storage and distribution systems, should also be stepped up. Furthermore, the ongoing efforts to liberalize policies regarding the granting of traffic rights for freight on scheduled services should be continued.

10. Communications and information technology: The Meeting took note of the recommendations formulated by the Expert Meeting on the Use of Information Technologies to Make Transit Arrangements More Effective (TD/B/COM.3/EM.1/L.1). The computerization of information regarding port and road transit operations and the passage of goods should also be further enhanced. The use of information technology such as that provided by the ACIS and ASYCUDA programmes should be increased, particularly for the exchange of information. This will enable ports, transport operators and governments to use the existing infrastructure and transport capacities more efficiently, reduce delays and lower costs. The required transit and customs management electronic data interchange (EDI) messages should be developed using UN/EDIFACT standards. Successful application of this technology,

however, generally requires determined reform efforts on the part of beneficiary countries.

11. Transit insurance: The consumers of transit insurance cover, namely shippers' councils, chambers of commerce and manufacturers' associations should liaise with insurance institutions dealing with transit cargo in order to promote warehouse-to-warehouse insurance arrangements so as to reduce transit insurance premiums.

12. Management and training: Diversified training programmes, including workshops, seminars, on-the-job training and longer courses for managers and middle- and lower-level operators in ports, on railways, in the road haulage industry, in air freighting and in clearing and freight forwarding, should be strongly supported. The expanded private-sector involvement in all these areas should help to create a better environment to achieve greater efficiency of business operations.

C. Bilateral, subregional and international legal frameworks

13. With regard to road, rail, inland waterways and air transport, most of the land-locked and transit developing countries have promoted a range of bilateral and subregional transit agreements and arrangements. Their implementation varies between subregions but in general, experience has shown that the monitoring and enforcement of these agreements is not always adequate. Current efforts to strengthen mechanisms for a more effective implementation of these agreements should be further re-inforced. With regard to international conventions, there has generally been slow progress in the adherence to international legal transit instruments. Efforts should be made by the promotors of these conventions to shed more light on the implications of adhering to them as well as on the benefits that they would bring to the land-locked and transit developing countries.

14. In particular, governments should be encouraged to simplify, modernize and harmonize their customs procedures, which would improve their effectiveness and facilitate transport and trade.

15. The Meeting welcomed the outcome of the Ulaanbaatar consultative sub-regional meeting between China, Mongolia and the Russian Federation, which, inter alia, called for the elaboration of a North-East Asia subregional transit agreement.

D. Future orientation of international support measures

16. The support provided by the donor community in recent years has significantly helped to address acute transit transport constraints, particularly with regard to transit transport infr structure. The continued enhancement of transport infrastructure has as a result promoted trade activity between land-locked and transit developing countries. The limited capacity of the land-locked and transit countries to maintain and develop these facilities calls for further donor assistance in this area that should include continued provision of equipment in the different areas of the transit transport sector. There are, however, a range of policy and

operational measures that also need the support of the donor community. In this regard, donors should consider extending their future assistance in such areas as: (a) supporting inter-country projects that enhance subregional trade; (b) promoting institutional and policy reforms that encourage market-oriented transit transport operations; (c) promoting commercialization and privatization programmes in the transit transport sector; (d) involvement in triangular arrangements between land-locked and transit countries and their development partners in programmes that promote transit transport cooperation; and (e) supporting the development and implementation of computerized transit monitoring systems on the basis of the existing ASYCUDA and ACIS modules.

E. Institutional follow-up mechanisms

17. In view of the important role which subregional organizations will be playing in the future in promoting the effective implementation of subregional transit transport cooperative arrangements, donors and UNDP are invited to support national efforts to establish technical units within these organizations which will, inter alia: (a) assist governments in the formulation of subregional transit transport policies; (b) prepare technical studies to back up proposals for joint projects at the subregional level; (c) liaise with the private sector in order to identify priority areas for its involvement; and (d) act as subregional counterparts of donor agencies in their commercialization and privatization support programmes.

18. The role of UNCTAD in support of land-locked and transit developing countries was fully supported. It was considered desirable that these activities remain a priority item in the work programme of UNCTAD. To be fully effective, it was recommended that UNCTAD continue to liaise closely with the subregional intergovernmental organizations in its endeavours. It was also recommended that international organizations, regional commissions, and United Nations agencies dealing with the development of transport and communications should include transit transport activities in their future work programmes.

19. In order to take a global review of progress in the development of transit transport systems, particularly taking into consideration the global framework for transit transport cooperation and the above conclusions and recommendations, consideration should be given to convening another meeting of governmental experts from land-locked and transit developing countries and representatives of donor countries and financial and development institutions in 1999.

Annex II

MESSAGE FROM THE SECRETARY-GENERAL OF THE UNITED NATIONS

1. It is my pleasure to welcome you to this meeting between land-locked and transit countries and their development partners.

2. As you are all aware, the United Nations, and in particular, the United Nations Conference on Trade and Development, has played a pioneering role in mobilizing international support in favour of land-locked developing countries. Many of the land-locked developing countries are also least developed countries, with acute structural weaknesses. Together, the land-locked countries and their transit neighbours are committed to overcoming a range of transit transport problems. The international donor community has also paid increasing attention, for example by helping to improve essential infrastructures.

3. Despite these efforts, formidable challenges remain. The adoption of the Global Framework for Transit Transport Cooperation between the Land-locked and Transit Developing Countries, which was adopted by the Second Meeting of Governmental Experts and Donor Countries in 1995 and subsequently endorsed by the General Assembly, was a milestone in paving the way for improved transit transport systems. The deliberations of this Meeting can provide significant new impetus towards more effective implementation of this Global Framework.

4. The United Nations system, led by UNCTAD and the regional economic commissions, will continue to support the efforts of the land-locked and transit developing countries to address their various problems and challenges. It is my hope that the bilateral and multilateral institutions will also stand ready to expand their assistance programmes in this regard.

5. To all of you gathered here in the best tradition of international cooperation and solidarity on common approaches to shared problems, I offer you my best wishes for a most successful meeting.

New York, 18 June 1997

Annex III

ATTENDANCE */

The following representatives attended the Meeting:

Member States

1. Afghanistan; Armenia; Benin; Bhutan; Bolivia; Burkina Faso; Burundi; China; Djibouti; Ethiopia; Germany; Guinea; Iran (Islamic Republic of); Kazakstan; Kenya; Kyrgyzstan; Lao People's Democratic Republic; Lesotho; Mali; Mongolia; Mozambique; Nepal; Niger; Nigeria; Pakistan; Paraguay; Russian Federation; Rwanda; Swaziland; Thailand; Turkey; Turkmenistan; Uganda; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uzbekistan; and Zimbabwe.

United Nations

2. Department of Economic and Social Information and Policy Analysis (DESIPA); Division for Ocean Affairs and the Law of the Sea, Office of Legal Affairs; Economic Commission for Africa (ECA); and United Nations Development Programme (UNDP).

Specialized agencies

3. International Civil Aviation Organization (ICAO); and United Nations Industrial Development Organization (UNIDO).

Intergovernmental organizations (IGOs)

4. African, Caribbean and Pacific Group of States (ACP); European Community (EC); Organization of African Unity (OAU); Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR); and World Customs Organization (WCO).

Non-governmental organizations (NGOs)

5. International Law Association.

---

*/ For the list of participants, see TD/B/LDC/AC.1/INF.3.